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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. **BAE** AUGUST 1951

Approved by the Outlook and Situation Board August 29, 1951

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SUMMARY

General economic activity continued at a relatively high level in July and August. Employment, wage rates, and personal incomes were at record levels but prices in farm and wholesale markets continued downward.

The decline in prices received by farmers from mid-July to mid-August was the sixth consecutive monthly drop since the peak was reached last February. The decline from the previous month was due primarily to lower prices for most crops. Cotton prices, adjusting to the prospective 17.3 million bale crop, dropped 12 percent from mid-July. Seasonal gains were registered over the month ending mid-August for some meat animals, eggs and milk. The parity ratio in mid-August was 104, the same as in the previous month and August 1950.

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ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950			1951		
		Year	July	Apr.	May	June	July
Industrial production ^{1/}							
Total.....	1935-39=100	200	196	223	223	222	213
All manufactures.....	do.	209	206	234	233	232	222
Durable goods.....	do.	237	235	278	276	275	263
Nondurable goods.....	do.	187	181	198	198	198	190
Minerals.....	do.	148	144	164	165	166	157
Construction activity ^{1/}							
Contracts, total.....	1935-39=100	514	566	650	629	652	498
Contracts, residential.....	do.	748	904	694	676	708	684
Wholesale prices ^{2/}							
All commodities.....	1926=100	162	163	184	183	182	180
All commodities except farm and food.....	do.	153	152	172	172	171	169
Farm products.....	do.	170	176	202	200	199	194
Food.....	do.	166	171	186	187	186	186
Prices received and paid by farmers ^{3/}							
Prices received, all products.....	1910-14=100	256	263	309	305	301	294
Prices paid, interest, taxes and wage rates.....	do.	255	256	283	283	282	282
Parity ratio.....	do.	100	103	109	108	107	104
Consumers' price ^{2/} ^{4/}							
Total.....	1935-39=100	172	172	185	185	185	186
Food.....	do.	204	208	226	227	227	228
Nonfood.....	do.	154	153	163	164	164	164
Income							
Nonagricultural payments ^{5/}	Bil. dol.	206.6	204.0	227.8	229.0	230.0	
Income of industrial workers ^{3/}	1935-39=100	369	366	427	426	431	
Production worker pay rolls ^{2/}	do.	396	391	461	456	464	
Weekly earnings of factory workers ^{2/}							
All manufacturing.....	Dollars	59.23	59.21	64.74	64.55	65.32	64.36
Durable goods.....	do.	63.19	63.01	69.72	69.39	70.39	68.92
Nondurable goods.....	do.	54.66	54.73	58.05	58.01	58.47	58.78
Employment							
Total civilian ^{6/}	Millions	60.0	61.2	60.0	61.2	61.8	62.5
Nonagricultural ^{6/}	do.	52.4	52.8	53.4	53.8	53.8	54.6
Agricultural ^{6/}	do.	7.5	8.4	6.6	7.4	8.0	7.9
Government finance (Federal) ^{7/}							
Income, cash operating.....	Mill. dol.	3,538	2,110	2,960	4,148		
Outgo, cash operating.....	do.	3,497	3,143	4,144	5,154		
Net cash operating income or outgo.....	do.	+40	-1,032	1,184	1,006		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation.

Sources:

^{1/} Federal Reserve Board, construction activity converted to 1935-39 base.

^{2/} U. S. Department of Labor, Bureau of Labor Statistics.

^{3/} U. S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid, interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively.

^{4/} Consumers' price index for moderate-income families in large cities.

^{5/} U. S. Department of Commerce revised figures, seasonally adjusted at annual rates.

^{6/} U. S. Department of Commerce, Bureau of the Census.

^{7/} U. S. Department of Treasury. Data for 1950 are on average monthly basis.

Total industrial production was down 4 percent in July after being stable at 221-223 percent of the 1935-39 average for the last half year. Rather sharp declines were registered for some products, especially passenger cars, other consumer goods, and coal. Material restrictions required by the National Production Authority and widespread vacations were largely responsible for reduced output, although slackening demand for some consumer goods was also a factor. Preliminary indications are that output in August will be above July but still somewhat below the level of the first half.

Manufacturers' unfilled orders for durable goods continued to rise in June particularly for heavy transportation equipment and machinery. Unfilled orders of nondurable goods producers continued to decline. The less than seasonal increase in total construction activity from June to July primarily reflected the effects of building restrictions on new private construction outlays.

Retail sales in July were about the same as in June and well below the record reached in July a year ago following the outbreak of hostilities in Korea. Retailers' inventories declined slightly but manufacturers' inventories continued to rise through the end of June. For the second quarter of 1951 inventory accumulation was at a record annual rate of 14.3 billion dollars. Slow sales and large inventories were accompanied by more than seasonal declines in output of some consumer goods in July.

Commodity Highlights

Peaks in slaughter are likely about October for cattle, calves, and sheep, lambs, and about early December for hogs. When supplies of cattle approach their seasonal high this fall, prices of at least some grades may drop below the ceiling level but remain above last year. Prices of hogs will decline considerably from the level set by pork ceilings. Prices received by farmers for whole milk are likely to rise seasonally during the remainder of the year. Prices received for eggs are expected to continue above a year ago and will register further seasonal increases during the next 3 months. Indicated output of edible vegetable oils as of August 1 was 10 percent greater than the record production of 1950. Some seasonal decline in corn prices may be expected this fall, but feed grain prices are likely to average higher in the last half of 1951 than in the same months of 1950. Grower prices for apples and grapes may not average quite as high this fall as in the fall of 1950. With a cotton crop for 1951 estimated at 17.3 million bales, the supply of cotton for 1951-52 may total about 19.5 million bales, 15 percent larger than last year. World wool prices next season probably will average somewhat higher than current levels. Average prices of Flue-cured tobacco from the 1951 crop are not expected to average quite as high as the record last season.

OUTPUT AND EMPLOYMENT

Total industrial output declined in July as vacation shutdowns, material shortages and a slackening in demand resulted in rather sharp declines in some industries. The Federal Reserve Board's index of seasonally adjusted industrial output for July was 213 (1935-39=100), about 4 percent below June, but 9 percent above July 1950. The decline in seasonally adjusted production indicated by this index tends to overstate the extent of the actual decline since the rather widespread practice in some industries of closing down plants for vacations is not adequately allowed for. This is particularly true of some nondurable goods industries and bituminous coal mining.

Total durable goods output was down 4 percent from June largely as a result of a sharp decline in passenger car output and further declines in production of other consumer durable goods. Passenger car output was down about one-fifth from June as material restrictions ordered by the National Production Authority for the third quarter began to take effect. Passenger car output during the third quarter of this year was restricted by NPA order to 1.2 million units, or about 65 percent of the rate during the base period (the first half of 1950). Fourth quarter allotments of steel, copper and aluminum recently announced by the NPA will permit output of about 1.1 million units or 60 percent of the base period rate. The permitted third quarter rate of steel consumption for the manufacture of other consumers' durable goods, such as refrigerators, washing machines and electrical appliances was about 70 percent of the base period rate. A further reduction during the fourth quarter will bring steel use for the manufacture of these items down to 65 percent of the base period rate. In recent months, however, a slackening demand rather than material shortages has been responsible for much of the decline in output of these goods. Activity in most other durable goods industries, on the other hand, continued at the high June levels. Steel operations were about the same as in June, when they averaged 101 percent of capacity, while the production of heavy machinery, aircraft and ordnance was also maintained close to earlier peak levels.

Vacation shutdowns were largely responsible for the 4 percent decline in nondurable goods production during July. Particularly affected were the textile and leather goods industries, although in both groups some of the decline may have been due to a weakened demand. Production of chemicals continued to rise while most other groups registered slight declines from the previous month.

A decline of 5 percent in production of minerals was also largely due to vacation shutdowns. The July vacation period for miners brought coal output down sharply from the previous month. Crude petroleum output, on the other hand, continued at record levels.

Manufacturers' backlogs of unfilled orders continued to rise in June, reaching an estimated 54.4 billion dollars at the end of the month. The total was about 800 million above May and 30.9 billion above June a year earlier. Backlogs of durable goods manufacturers were up 1.3 billion from May with most of the gain occurring in the transportation equipment, (other than motor vehicles), and machinery (other than electrical) industries. Unfilled orders of nondurable goods producers continued to decline.

Inventory book values of manufacturing industries were up 900 million dollars in June to 39.8 billion dollars, after seasonal adjustment. Virtually all of the rise from May represented a greater physical volume. About two-thirds of the additions were in durable goods industries.

Retailers' and wholesalers' stocks at the end of June were down 200 and 100 million dollars, respectively. Almost all of the decline in retail inventories occurred in nondurable-goods stores. Stocks at apparel stores and eating and drinking places were up slightly, but all other nondurable-goods groups reported declines. Durable-goods stores' inventories were virtually the same as in the previous month as the drop in homefurnishings stores was about offset by increases at automotive, lumber and building materials stores.

The effects of building restrictions on over-all construction activity are becoming increasingly evident. Estimated total construction outlays in July, at 2.8 billion dollars, were only 3 percent above both June 1951 and July 1950. The rise from June was less than usual for that time of year, reflecting for the most part a less than seasonal gain in private homebuilding activity, a drop in commercial building and a continued decline in construction of social and recreational facilities.

Total private outlays for new construction amounted to 1.9 billion dollars in July, 2 percent above June but 8 percent below July a year earlier. Expenditures on residential building were estimated at 922 million, only slightly above June and about 27 percent below July 1951.

About 86,000 new nonfarm dwelling units were placed under construction in July, about 33 percent below the previous month. The sharp decline from June reflects the unusually large number of public units started during June. New private starts in July, at 83,000 units, were only 5 percent below June. New nonfarm dwellings started during the first 7 months of 1951 totaled 669,500, or about one-fifth less than in the same period in 1950.

Public outlays for new construction were up 6 percent from June and 37 percent from July 1950. Activity on atomic energy projects, defense plants and military facilities continued to rise, more than offsetting a slackening in nondefense public works construction. Highway construction and flood and reclamation work registered less than the usual seasonal gains from June and were below a year earlier. Expenditures on public industrial plants and military and naval facilities, on the other hand, again registered substantial gains from the previous month.

Total civilian employment rose to a record high in July, slightly exceeding the previous peak reached in August 1950. An estimated 62.5 million persons were employed in July, 700,000 above June and 1.3 million above July 1950. The gain from the previous month was entirely due to increased employment in nonagricultural industries, particularly in resort and other summer season industries and in industries connected with defense production. Expanding activity in those areas brought total non-agricultural employment to a record of 54.6 million, 800,000 greater than in June and 1.8 million above July a year earlier.

Unemployment dropped to an estimated 1.9 million persons, slightly below June and 1.3 million below July 1950. The slight drop from June reflected the greater rise in employment than in the labor force. At 64.4 million persons, the civilian labor force was up 600,000 from the previous month and was about the same as in July 1950.

INCOME AND RELATED FACTORS

Personal income in June was at a seasonally adjusted annual rate of 251.1 billion dollars, 1.3 billion above May and 32.1 billion above June a year earlier. The increase from May resulted primarily from larger pay rolls; changes in other sources of income were very slight.

Wage and salary receipts in June were estimated at an annual rate of 166.1 billion dollars, 1 billion above May and 25 billion above June 1950. Increased earnings of factory workers in the durable goods industries and continued expansion of Federal military and civilian employment accounted for most of the rise from the previous month.

From the second quarter of last year--before the outbreak of hostilities in Korea--to the second quarter of 1951, total personal income rose 15 percent from an annual rate of 217 billion dollars to 250 billion. Most major components shared in the increase. Wage and salary receipts rose from an annual rate of 138 billion in the second quarter of 1950 to 165 billion, or about 20 percent. Sharp gains in employment and higher rates of pay in the durable goods industries raised wage disbursements from 20 billion to 26 billion--the largest gain in the private sector. In construction, higher employment was largely responsible for the rise in wage disbursements, while rising pay rates accounted for most of the increase in nondurable goods manufacturing and in wholesale and retail trade.

Wages and salaries paid to Federal, State, and local employees rose from an annual rate of 21 billion in April-June 1950 to 28 billion in the same period in 1951. Almost all of this gain represented increased expenditures for the expansion of the armed forces and of the defense activities of civilian agencies.

Sales at department stores in July rose from the level of the previous three months, after adjustment for seasonal factors. The Federal Reserve Board's index, at 309 (1935-39=100), was 2 percent above June and the average for the second quarter, but 15 percent below the record reached in July a year earlier, following the outbreak of hostilities in Korea.

Total retail sales in July were unchanged from the previous month, after adjustment for seasonal factors. They were down 8 percent from July a year earlier, reflecting the buying wave following the Korean crisis. Sales at durable goods stores were down 4 percent as a result of a 7 percent drop in sales at automotive stores. Other durable goods stores reported sales virtually the same as a month earlier. Increases of 7 and 3 percent, respectively, in sales of apparel and general

merchandise stores were largely responsible for a 1-1/2 percent gain from June in sales at all nondurable stores combined. Food store sales were also up, increasing 1 percent and recovering most of the May-June drop. Sales at most of the other groups of nondurable goods stores were down about 2 percent from June.

Consumer installment credit outstanding at the end of June was up slightly to an estimated 12.9 billion dollars, 820 million above June 1950. Automobile sale credit and installment loan credit registered moderate increases of 61 and 39 million dollars respectively, over the preceding month, but these were largely offset by a drop of 81 million dollars in other sale credit. Total installment credit declined 464 million dollars between October 1950, when installment credit curbs were tightened, and June of this year. The decline in installment sale credit during this period amounted to 656 million, consisting of a drop of 470 million in other sale credit and 186 million in automobile sale credit. Installment loans, on the other hand, rose 192 million between October 1950 and June 1951.

Installment credit has been rising slightly since the end of April. Although the data for July are not yet available, they are likely to show another slight rise for that month. Some rise in the rate of increase is likely in August as a result of the more liberal installment credit provisions of the Defense Production Act of 1950, as amended effective August 1, 1951.

Noninstallment credit was also up slightly in June as a result of a small rise in charge account indebtedness. At an estimated 6.3 billion dollars, it was 12 million above May and 753 million above June 1950.

Total consumer indebtedness was estimated at 19.2 billion dollars at the end of June, 31 million above the preceding month and 1.6 billion above June a year earlier.

COMMODITY PRICES

The general wholesale price level in late August was down slightly as average prices of industrial commodities declined. The BLS weekly index of wholesale prices, at 176.8 (1926=100) during the week ending August 21 was 0.7 percent lower than four weeks earlier. Wholesale prices of foods were up slightly while prices of farm products were virtually unchanged from four weeks earlier. Industrial commodities averaged 1.0 percent lower during the four weeks ending August 21, reflecting a sharp decline in prices of textiles and textile products and a more moderate drop in prices of building materials. Only a fractional decline occurred in prices of metals while prices of chemicals and chemical products scored a gain of 1.4 percent.

Wholesale prices of all commodities in early August were up an average of 6.8 percent from a year earlier with prices of chemicals and textiles showing the largest gains.

Table 1.- Group indexes of wholesale prices, week ended August 21, 1951
with comparisons

(1926=100)

Group	Week ended Aug. 21, 1951	Week ended July 24, 1951	Week ended Aug. 22, 1950	Week ended June 27, 1950	Week ended August 21, 1951	
					percentage change from	
					Week ended July 24, 1951	Week ended Aug. 22, 1950
All commodities	176.8	178.0	165.6	157.4	- .7	+ 6.8
Farm products	188.9	189.0	176.3	165.4	- .1	+ 7.1
Foods	186.2	185.0	174.0	162.4	+ .6	+ 7.0
All other than farm and food	166.0	167.7	156.0	149.2	- 1.0	+ 6.4
Textile products	168.1	175.5	149.5	137.3	- 4.2	+ 12.4
Fuel and lighting materials	137.8	137.7	134.6	132.8	+ .1	+ 2.4
Metals and products	188.1	188.2	174.9	171.9	- .1	+ 7.5
Building materials	222.4	224.2	215.3	203.7	- .8	+ 3.3
Chemicals and allied products	140.1	138.2	122.3	114.5	+ 1.4	+ 14.6

Bureau of Labor Statistics,

Average prices received by farmers in mid-August were down for the sixth consecutive month since reaching a peak in February this year. The BAE index of average prices received by farmers was 292 (1910-14=100), off 1 percent from the previous month and 7 percent from the February 1951 high. Generally lower prices received for crops continued to account for the decline in the over-all average. Average prices received for all crops combined in mid-August were 3 percent below the previous month, reflecting sharp declines in prices of cotton, truck crops and oilseeds and more moderate declines in food grains and tobacco. Prices received for live-stock and livestock products averaged 1 percent higher in mid-August than in mid-July as seasonal increases in some meat animals, eggs, and milk more than offset a sharp decline (11 percent) in prices received for wool and small declines for chickens, butter and butterfat.

Table 2.-- Group indexes of prices received by farmers, August 15, 1951 with comparisons

Group	(1910-14=100)			August 15, 1951	
	Aug. 15, 1951	July 15, 1951	Aug. 15, 1950	percentage change from	
				July 15, 1951: Aug. 15, 1950	
Food grains	234	236	224	- 1	+ 4
Feed grains and hay	215	213	193	+ 1	+ 11
Cotton	291	329	311	- 12	- 6
Tobacco	430	438	399	- 2	+ 8
Oil-bearing crops	294	317	293	- 7	1/
Fruit	207	175	200	+ 18	+ 4
Truck crops	181	204	164	- 11	+ 10
Other vegetables	185	181	183	+ 2	+ 1
All crops	244	252	239	- 3	+ 2
Meat animals	416	414	369	1/	+ 13
Dairy products	277	272	240	+ 2	+ 15
Poultry and eggs	231	222	191	+ 4	+ 21
Wool	433	486	328	- 11	+ 32
Livestock and products	336	332	292	+ 1	+ 15
Crops and livestock and products	292	294	267	- 1	+ 9

1/ Less than 0.5 percent increase.

Mid-August prices received by farmers averaged 9 percent above those of a year earlier with higher average prices of livestock and livestock products accounting for most of the increase. Average prices received for crops were 2 percent above those of a year earlier. Prices received for feed grains, truck crops, and tobacco were up 11, 10, and 8 percent, respectively, from August 1950. Smaller gains were scored by the other crop groups, except cotton, prices for which averaged 6 percent below a year earlier. Average prices received for livestock and livestock products in mid-August were 15 percent above a year earlier, reflecting increases ranging from 32 percent for wool to 13 percent for meat animals.

The BAE index of prices paid by farmers, including interest, taxes, and wage rates, at 232 (1910-14=100) in mid-August, was unchanged from the previous month and about 10 percent higher than in August 1950. The parity ratio (index of prices received divided by index of prices paid, interest, taxes and wage rates), at 104 in mid-August, was the same as in July 1951 and August 1950.

Average prices paid by urban consumers of moderate incomes moved slightly upward in July. The BLS index of consumers' prices for that month was 185.5 (1935-39=100), 0.2 percent above June and 7.8 percent above July 1950. Most of the gain from the previous month was due to a rise in average food prices, particularly eggs, dairy products, fruits and vegetables and meats. Smaller gains were registered by fuel and rent, while prices paid for clothing and housefurnishings were off fractionally.

FARM INCOME

Total cash receipts from farm marketings in the first eight months of 1951 were about 18.3 billion dollars, 16 percent above receipts in the corresponding period in 1950. Prices this year averaged 23 percent higher than last year, but marketings so far have been a little lower than a year ago. Only part of the increase in cash receipts was a net gain for farmers, however, as farm cost rates have risen an average of 12 percent so far this year.

Most of the increase in cash receipts in the eight-month period was in livestock and products, which showed a gain of about 24 percent over a year ago. All the major livestock groups made substantial gains, with poultry and eggs up 32 percent, meat animals 23 percent, and dairy products 19 percent. Crop receipts were much the same as last year, with gains in receipts from vegetables, cotton, and oil crops, and declines in receipts from feed crops, food grains, and fruits.

In August, farmers received about 2.9 billion dollars from marketings, 11 percent above both July of this year and August of last year. Prices averaged slightly below their July level, but 9 percent higher than in August 1950. Total livestock receipts were about the same as in the previous month and 12 percent above a year ago. Receipts from meat animals were a little above July, and also larger than a year ago. Dairy receipts were down from July because of seasonally smaller marketings, but higher prices brought receipts above last year. Higher prices also accounted for a rise in receipts from poultry and eggs of 4 percent over July, and for most of their 24 percent gain over a year ago.

Crop receipts in August were around 1.3 billion dollars, about 25 percent above July and 10 percent above August of last year. Most of the gain over July was due to a seasonal increase in marketings of cotton and tobacco.

LIVESTOCK AND MEAT

Marketings and slaughter of livestock are now increasing seasonally. Peaks in slaughter of cattle, calves, sheep and lambs are likely to occur in October and the high point for hogs is expected in December.

Cattle slaughter, which has been less than last year in every month except January, may again reach the 1950 level sometime this fall. It is expected to include more grass cattle but somewhat fewer fed cattle than a year ago. Calf slaughter will probably continue below last year in most remaining months of 1951.

During much of the fall season prices are expected to be at or near ceilings as they have been this summer. When marketings of cattle approach their fall peak, prices of some grades may drop below present ceilings.

Hog slaughter during its seasonal rise this fall will continue above last year by about the same degree as it has been since last March. The seasonal price decline this fall may be about the same as last fall. In August, hog prices were slightly lower than a year earlier.

Prices of stocker and feeder cattle in late August were about \$4.00 per 100 pounds lower than in early spring. At these purchase prices, returns from cattle feeding in 1952 will be about average if prices of slaughter cattle do not change greatly, but would be considerably less than those of the last 2 years when prices were rising steadily. Present ceilings provide a somewhat wider difference between prices of lower and higher grades of slaughter steers than prevailed last year. This points to fairly good prospects for feeding of medium-weight unfinished steers to a higher finish and grade.

After an 8 year decline, sheep and lamb production in the U. S. is increasing. The 1951 lamb crop was up 1 percent from 1950 while the shorn wool clip rose 4 percent. Lamb slaughter, however, is expected to remain below a year earlier through 1951.

DAIRY PRODUCTS

The number of milk cows on U. S. farms has been unusually steady during the last 3 years. The U. S. total in mid-1951 was only a trifle below mid-1950, with numbers in the Atlantic Coastal and South Central States showing slight increases and those in other regions small decreases. The stability in the number of milk cows contrasts sharply with the gain that has been taking place in the number of beef animals. Dairy products prices have continued below average relative to meat animals tending to hold down or reduce dairy cow numbers. On the other hand, they have been above average relative to prices of feed concentrates.

Milk production so far in 1951 has been less than a year earlier in every month except May. For the first 7 months, production totaled 73.7 billion pounds, compared with 74.5 billion pounds a year earlier, a decline of 1 percent. In recent months, milk production per cow in crop reporters' herds has been at record levels.

Prices for dairy products at retail and wholesale have changed little in recent months. Prices received by farmers for milk have begun to rise seasonally. They are likely to rise further in the rest of 1951, reflecting the customary increases in many fluid milk markets at this time of year, a rising proportion of milk used in fluid outlets and a rising average fat test.

In August, farmers received \$4.45 per hundred weight for milk, which was equivalent to 95 percent of parity. The price received for butterfat has been rather stable since January and in August was equivalent to 94 percent of parity. The butterfat price will not show nearly the seasonal increase that will occur for whole milk. A factor affecting the butter situation which is greatly different from a year ago is the very large harvest of vegetable oils in prospect this year.

Consumption of fluid milk and cream apparently was slightly larger than a year earlier in the first half of 1951 despite 13 percent higher retail prices in recent months. With smaller milk output on farms, use of milk in manufacturing has continued substantially below last year. Beginning in June, the use of milk for producing evaporated and dry whole milk declined, leaving a larger proportion for production of butter. Butter output, however, continues below last year. Cheese production is now running about as great as a year earlier after having been much smaller earlier in 1951.

The Amendments to the Defense Production Act accord the same treatment to manufacturing milk and butterfat that was formerly applicable to fluid milk. That is, ceilings cannot be established on products made from these items until the Secretary of Agriculture designates that prices to farmers for the products have reached a level that is reasonable in view of the price of feeds and other factors. The amended Act also permits increases in processors' and dealers' margins over that allowed by the original Act.

The U. S. Department of Agriculture announced in early August a program to prohibit imports of butter, butter oil and nonfat dry milk solids and to permit imports of cheese and casein on an individual quota basis. This action was taken under authorization of the Defense Production Act, as amended, which specifies that under certain conditions imports of certain fats and oils and dairy products may be limited or prohibited.

POULTRY AND EGGS

Egg prices have been rising the full seasonal amount since mid-July. The U. S. average price received by farmers in mid-August was 49.7 cents per dozen, 31 percent above that of August 1950 and 91 percent of parity. Egg prices are expected to continue rising the full seasonal amount during the next few months.

There were 1 percent fewer layers on farms in July but the record rate of lay, 2 percent over July 1950, resulted in a 1 percent increase in production. Potential layers on farms, August 1, were 3 percent higher than a year ago, which suggests even greater increases in production over a year earlier in the months ahead. Storage holdings of shell and frozen eggs reached their peak during July and are now declining. Stocks of shell eggs, as of July 31, were 39 percent under 1950 while frozen eggs were about the same.

Despite seasonally increasing supplies of poultry, prices of chickens and turkeys remained relatively firm during August. Chicken prices declined slightly from mid-July to 26.0 cents while prices of turkeys, at 35.3 cents, were unchanged from the previous month. Current marketings of broilers are heavy and movement of farm chickens is increasing seasonally. The pressure of these supplies on prices will be offset by strong consumer demand. Hence poultry prices are expected to remain relatively steady during the next 2 or 3 months.

Supplies of turkeys to be marketed this fall will be larger than a year ago as a result of a 16 percent increase in the number raised. The gain in tonnage, however, will show an increase of about 12-14 percent. A larger percentage of the crop will be marketed October or earlier. This reflects, in part, the 55 percent increase in Beltsville Whites which are used to meet a year-around demand for young turkeys weighing 4-8 pounds dressed.

Turkey prices during the first 8 months of this year have averaged 35 cents per pound, 15 percent higher than those of 1950, and have shown a high degree of stability. Turkey prices during the next 3 or 4 months may not show as large a seasonal increase as previous years with the weakest price period falling prior to Thanksgiving. In spite of this larger quantity of turkeys to be sold, producer prices are expected to average somewhat higher than a year ago, with probably a generally rising price level as the season progresses.

FATS | OILS AND OILSEEDS

Prices of edible vegetable oils and lard started moving upward late in July and were higher through most of August. Probably the most important factor in this upward movement was the expectation that the Government would support the price of 1951 crop cottonseed oil at a level substantially above that prevailing in July. This was borne out when it was announced August 17 that the Government will purchase cottonseed oil at 15.5 cents per pound from crushers f.o.b. buyer's tank cars at crusher's mills, Valley ares, provided crushers at the same time sell their oilmeal and linters to CCC at specified prices. Crushers participating in the program must pay participating and eligible producers not less than \$65.50 per ton for basis grade (100) cottonseed f.o.b. gin point, with specified premiums and discounts for other grades.

Disappearance of cottonseed, soybean, peanut and corn oils in the first 9 months of the 1950-51 marketing year (October 1950-June 1951) totaled 2,619 million pounds, 88 million less than a year earlier. Disappearance in the first quarter was 6 percent greater than the year before, but

disappearance in the second and third quarters was 6 percent and 10 percent less, respectively, than a year earlier. The upward movement in large prices probably reflected the increases in prices of the edible oils and some seasonal tightening of lard supplies. Stocks of lard on August 1, 1951 (the latest date for which data are available), totaled 91 million pounds, 44 million less than on the same date a year earlier. Demand for lard, both domestic and export, has been heavy this year. Lard supplies normally increase considerably beginning about October.

Reflecting ample supplies in relation to demand, prices of drying oils declined from July to August and prices of soap fats continued comparatively low.

The index numbers of wholesale prices of the 26 major fats and oils (excluding butter) in August was about 182 (1935-39=100) compared with 182 in July, 251 in February, the peak since the outbreak of hostilities in Korea, and 182 in August 1950.

On the basis of August 1 conditions, output of edible vegetable oils (including the oil equivalent of soybeans and peanuts exported for crushing) in the year beginning October 1, 1951, may be about 10 percent greater than the record production estimated for the previous year. A very large increase in production of cottonseed will more than offset declines in soybeans and peanuts. Output of cottonseed is estimated at 6,982 thousand tons compared with 4,078 in 1950. Production of soybeans for beans is placed at 270 million bushels compared with 287 million a year ago. Production of peanuts picked and threshed may total 1,827 million pounds compared with 2,019 million in 1950. Estimates of production of 1951 crop flaxseed dropped from 38 million bushels on July 1 to 35.5 million August 1. Last year, production totaled 39.3 million bushels.

Authority to control imports of fats and oils was extended until June 30, 1952, by the Defense Production Act Amendments of 1951 which went into effect August 1, 1951. The Act provides that no imports of peanuts, butter or other fats and oils (including oil-bearing materials, fatty acids, and soap and soap products, but excluding coconuts and coconut products) shall be admitted if they would (a) impair or reduce domestic production, (b) interfere with orderly domestic storing and marketing, or (c) result in any unnecessary burden of expenditure under any Government price support program. In accordance with the provisions of this Act, no commercial imports of peanuts, peanut oil, flaxseed and linseed oil, butter and butter oil will be permitted for domestic consumption. Importation of flaxseed screenings are permitted on a restricted basis.

CORN AND OTHER FEED

Prices of feed grains in August averaged close to the July level, and 12 percent higher than a year earlier. For the entire country, oats and barley prices in mid-August averaged a little above the 1951 supports, but barley prices are low in the important mid-western producing States compared with prices on the West Coast. Sorghum grain prices have declined seasonally in recent months, and in mid-August average \$2.09 per

100 pounds, 8 cents below the 1951 national average support for No. 2 or better. Feed grain prices during the coming year will be supported by a prospective strong demand and higher price supports on the 1951 crops. Although some seasonal decline in corn prices may be expected this fall, feed grain prices are expected to average higher in the last half of 1951 than in that period of 1950.

Prospects for 1951 feed crops in early August indicate that supplies of both feed grains and forages will again be large in the 1951-52 feeding season. The supply of all feed concentrates is expected to total about 179 million tons, a little below the big supplies of the past 2 years, but nearly one-third larger than in 1937-41. This includes a feed grain supply of about 152 million tons, 3 percent smaller than last year, another large supply of byproduct feeds, and an allowance for wheat and rye feeding at the 1950-51 level. The prospective supply per grain consuming animal unit is about 5 percent smaller than in 1950-51. A corn supply nearly equal to last year's supply of 4.0 billion bushels is in prospect. The corn carry-over, included in this supply, is expected to total around 750 million bushels, with 60 percent in Government ownership or under loan.

The hay supply for 1951-52, estimated at about 129 million tons, is 6 percent larger than last year, and will provide ample forage for the livestock on farms. Pastures have been unusually good this summer in most areas of the country.

FRUIT

Grower prices for apples and grapes probably will decline about seasonally this fall and may average lower than in the same period of 1950. Heavy seasonal marketings from larger crops probably will more than offset the effect of stronger demand. Prices for peaches and pears probably will average about the same as a year earlier. The 1951 deciduous crop is about one-tenth larger than the 1950 crop.

To help move some of the large production into foreign markets that before World War II took substantial quantities of such fruit, the Department of Agriculture recently announced export-payment programs for apples, winter pears, and dried prunes and raisins. These programs are similar to those in effect for 1950-crop apples and pears and the 1949 packs of dried fruit.

The 1951 commercial apple crop is the third large crop in a row. A larger percentage of the crop than in 1950 is in the Central and Eastern States and a smaller percentage in the Western States. Also a larger percentage of the 1951 crop consists of summer and fall varieties. This will tend to hold grower prices this fall below comparable 1950 prices. Prices during September and October probably will decline about seasonally. With the 1951 pear crop only slightly larger than the 1950 crop and strong demand for pears for canning, grower prices for pears this fall probably will be at least as high as 1950 prices.

Because of smaller peach crops in the States marketing chiefly in September, grower prices are expected to average higher in late summer than in this time of 1950. But lower prices than in 1950 seem likely for grapes

and prunes, because of considerably larger production. Although a substantial tonnage of grapes again is expected to be crushed for juice and wine, much of the increase in the grape crop probably will be dried into raisins.

Prices for oranges and grapefruit in September are likely to be near August levels. But as new-crop citrus from Florida becomes available in volume in October, prices are expected to decline somewhat. Supplies of canned and frozen citrus juices will continue large this fall.

WHEAT

Current wheat prices are slightly below the effective price support level. On August 29 the price of No. 2 Hard Winter Wheat at Kansas City was \$2.31, which was about 2 cents below the effective loan level, (\$2.44 less a storage deduction of 11 cents). The low of the season to date, reached on July 16, was \$2.27. The firmness in prices, is due to a reduction in the estimate of the crop and the reduction in market movement of winter wheat, which more than offset the influences of delayed export buying and prospects of a big crop in Canada. In 1950 the low of \$2.09 for No. 2 Hard Winter Wheat at Kansas City was reached on June 24. This was 16 cents under the \$2.25 loan level. (Last year there was no deduction for storage.) While the price of milling-grade winter wheat has been relatively steady, there is more than the usual amount of damaged grain, which is being sold at a substantial discount.

The price of No. 1 Dark Northern Spring Wheat at Minneapolis on August 29 was \$2.30. This was 6 cents below the loan of \$2.46 less 10 cents for storage. The movement of winter wheat was delayed almost a month. As a result, it is competing with movement of spring wheat, the first car of which reached Minneapolis on August 7. Considerable downward pressure on prices is to be expected as marketing of the large spring wheat crop increases. However, this may be largely offset by the reduction in the hard winter wheat crop, an expected increase in quantities purchased for export, and a substantial movement into storage, where the wheat would be eligible for price support.

Total U. S. wheat supplies for the marketing year beginning July 1, 1951 are now estimated at 1,433 million bushels. This includes a crop of 998 million bushels (indicated on August 1), probable imports of feeding-quality wheat of about 40 million bushels, and the carry-over of 395 million bushels. Supply prospects are 72 million bushels less than indicated a month ago as a result of a reduction in estimated size of the crop. Supplies of the size now indicated, however, have been exceeded in only six years.

Domestic disappearance in 1951-52 may total about 748 million bushels, which would leave about 685 million for exports and carry-over. If exports total about the same as the 366 million in 1950-51 about 320 million would remain for carry-over July 1, 1952. This would be 75 million bushels below the carry-over July 1, 1951, but only slighter below the 334 million-bushel 1941-50 average. The final size of exports in 1951-52 will depend upon the way the crops turn out in both exporting and importing countries, the size of United States foreign aid programs and the extent of any stock piling in importing countries.

Prospects for 1951 indicate that world breadgrain production, excluding the Soviet Union and China, will be slightly larger than the high output of 1950. A net increase is forecast for Europe, largely because the prospective crop for eastern Europe, traditionally a surplus area, is expected to be above the poor 1950 outturn. Prospects in western Europe, normally a deficit area, are for some reduction from 1950. A sharp increase is reported for Spain and some increase for Portugal. Reductions are indicated for the ranking producers, Italy, France, and the United Kingdom, and also many of the smaller producing countries of western Europe. Little change is expected in Africa. In the Soviet Union some increase in the wheat crop and a possible reduction in rye seems in prospect. Some increase is expected in wheat production in Asia. Prospects in Turkey are especially good. No significant change is reported for India. General information points to larger crops in China and Manchuria.

The wheat harvest in Canada is officially forecast at a record of 581 million bushels, 25 percent above last year's large outturn. The acreage in Argentina is reported below that of the last crop and growing conditions have not been favorable because of continued drought. Reduced seedings in Australia are expected to result in a smaller crop than last year.

COMMERCIAL TRUCK CROPS

For Fresh Market

As usual for this time of year, prices received by farmers for many fresh market truck crops are approaching or are at their seasonal low points brought on by abundant supplies from nearby producing areas. For fresh market truck crops as a whole, prices after allowance for seasonal factors, are about in line with their long time relationship to the index of prices received for all farm crops combined.

Since aggregate production of commercial truck crops for fresh market shipment during July, August and September is estimated to be about the same as last summer, while demand is expected to be slightly stronger, prices in general may average a little higher this summer than last.

Of course, prospects vary by crops. Sharp reductions in production compared to a year ago, and correspondingly higher prices, are expected for lima beans, cabbage, cauliflower, and green peas. The reverse situation is in prospect for sweet corn and spinach.

For Commercial Processing

Prospects continue to indicate that the increased tonnage of truck crops needed by commercial canners and freezers will be produced this year. Prices paid farmers for their crops are expected to average substantially higher this year than last.

It is estimated that the packs this year not only will supply the increased military and civilian requirements but also will permit commercial stocks of canned vegetables to be built up to a more adequate size than they were in the last year or so.

POTATOES AND SWEETPOTATOES

The large reduction in size of the 1951 potato crop reflects the lack of price-support this year. The 1951 crop was estimated at 351 million bushels as of August 1 some 89 million bushels or 20 percent smaller than the 1950 crop of nearly 440 million bushels. The smaller crop now in prospect is caused largely by a sharp reduction in acreage. The yield (indicated on August 1) is 5 bushels per acre smaller than last year's record.

Under the price support program for the 1950 crop, the Government bought about 100 million bushels of potatoes. Even though the 1951 crop is not under a similar program, the crop now indicated is only slightly larger than the 1950 production after deducting Government purchases.

The United States average price received by farmers for potatoes was \$1.17 per bushel in mid-August, 5 cents under the comparable price a year earlier. While prices probably will decline somewhat in September and October as late-crop potatoes begin to appear in volume, the decline is not expected to be as sharp as last year.

Sweetpotato supplies in northern markets will be smaller this fall than usual. The crop as of August 1 was forecast at not quite 38.5 million bushels, the smallest since 1884, and more than one-third smaller than the 1950 crop. Less than the usual seasonal decline in price is expected in late summer and early fall. With prospective production much smaller than in 1950, prices much higher than a year earlier, and with other vegetables generally plentiful at moderate prices, per capita consumption of sweetpotatoes is expected to drop appreciably this year.

DRY BEANS AND PEAS

The 1951 crop of dry edible beans, now forecast at 16.2 million bags (100 pounds, uncleaned basis) is slightly smaller than the 16.8 million bag crop of last year, and is expected to bring moderately higher prices. Total demand for and utilization of dry beans in the 1951 crop marketing year probably will exceed the quantity produced. However, ample stocks are on hand carried over from previous crops, and a moderate reduction in these stocks is likely. Less than the usual seasonal decline in price is expected this year as the 1951 crop harvest reaches its peak, and growers may not sell as rapidly as usual.

Unusual export demand in the past year has reduced our carry-over of dry field peas to negligible size. Assuming some slight improvement in domestic demand in 1952 compared with 1951 because of heightened economic activity at home and defense preparation abroad, the 1951 crop of dry peas may sell at prices little if any lower than those for the 1950 crop, in spite of a larger production. The new crop was estimated as of August 1 at 3.7 million bags (100 pounds, uncleaned), about one-fourth larger than the 1950 crop, though 37 percent smaller than the recent 10-year average production of 5.9 million bags.

COTTON

With the largest cotton crop in 14 years in prospect for 1951 and some slackening of demand on the spot markets, cotton prices have been declining since early in July. The average for Middling 15/16 inch on the 10 spot markets fell from 45.20 cents a pound on July 2 to 34.90 on August 21 with the futures markets registering similar declines. In foreign markets, prices of foreign growth have declined to a level more in line with American upland cotton.

Preliminary estimates for the United States indicate a total supply of cotton during 1951-52 of approximately 19.5 million running bales. This is 15 percent larger than the 1950 supply, and the second largest since the end of the war. The carry-over is about 2.2 million bales, 68 percent less than on August 1, 1950, and the lowest since 1925. The supply includes a crop estimated at about 17.3 million bales as of August 1, and assumes imports of about 200,000 bales. The indicated 1951 crop is 72 percent larger than the small 1950 crop and the third largest in history.

Mill consumption of cotton during 1950-51 was about 10.5 million bales, second only to the war years of 1941-42-43 and 20 percent greater than 1949-50. July consumption totaled 767,000 bales and the daily rate of 32,000 bales was 22 percent below June, registering more than a seasonal decline and about equal to the rate in July a year ago. Exports, including an estimate for July were about 4.2 million bales, 28 percent less than in 1949-50. On August 8 the Department of Agriculture announced an open-end export quota for cotton. This means that there are no restrictions on the total quantity of cotton which may be exported.

The Department of Agriculture loan rate for Middling 15/16 inch cotton this season will be 31.71 cents a pound at average location. This is 90 percent of the mid-July parity price plus 125 points for the difference between 7/8 and 15/16 inch staple. On August 15 the price received by farmers for cotton was 102 percent of parity, having fallen from 116 percent of parity in one month.

Manufacturers' inventories of cotton textiles were high, 2.10 times sales in May and 2.86 times sales in June 1951, compared with ratios of 1.96 and 2.14, respectively, in the same months of 1950. The average mill margin (the spread between the price of a pound of cotton and its approximate cloth equivalent) declined from 39.77 cents in June to 38.77 cents in July.

WOOL

Since consumer incomes are expected to continue to increase, demand for raw wool for civilian goods is likely to strengthen as inventories in manufacturing and distribution channels are reduced to levels in line with retail sales. Military requirements during the present fiscal year again will be substantial. At the same time, world supply of wool probably will not be greatly different from last year. World production is expected to be slightly above last year and carry-over in the major exporting countries, particularly in New Zealand and Argentina, is larger. These increases probably will just about offset the reduction in Joint Organization (United Kingdom Wool Disposals Limited) holdings and in stocks in consuming countries. World prices next season probably will average somewhat higher than present levels. However, government programs and policies including the volume and scheduling of military orders, price ceilings, etc., could be important factors.

Prices received by United States growers for shorn wool continued to decline from the peak levels of March. The average of 77.1 cents, grease basis, in mid-August was 9.4 cents below that of mid-July and 41.9 cents below the March record.

Wool prices are now somewhat below the ceilings established by OPS Ceiling Price Regulation 35. The legal minimum prices for wool for ceiling purposes permitted under the provisions of the Defense Production Act Amendments of 1951 are 70 percent higher than those established under the Defense Production Act of 1950 but are somewhat lower than the ceiling prices established under CPR-35.

Wool production in the United States for the current season is expected to be about 260 million pounds, grease basis, about 3 percent more than in 1950. Shorn wool production is now estimated at 229 million pounds, grease basis, about 4 percent more than last year. The lower rate of slaughter this year relative to inventories indicates that growers are continuing to build up breeding herds and that a further increase in shorn wool production is likely next year. Pulled wool production this year is likely to be slightly lower than last year.

The decline in demand for wool for civilian goods is reflected in mill consumption in the United States. In spite of the large military orders, the weekly rate of mill consumption of apparel wool on the woolen and worsted systems during the first 5 months of this year was 3 percent less than for the same months of last year. Carpet wool consumption was down 30 percent.

Imports of apparel wool during the early part of this year were substantially higher than last year. Imports for consumption of dutiable wools during January-May exceeded those of the same months of last year by 36 percent. However, imports probably declined somewhat after May due to the sharply reduced United States buying in foreign markets.

TOBACCO

Marketings of the 1951 crop tobacco began in the third week of July when auctions opened for flue-cured, the largest single class of tobacco. Demand has been fairly strong and is expected to continue so, although prices will probably not average as high as the record for last season. Flue-cured prices for the season through late August averaged about 49 cents per pound compared with nearly 54 cents in the comparable period of the 1950 season. Growers have placed about 11 percent of deliveries under Government loan thus far--a larger proportion than the relatively small amounts in the comparable period last year.

Domestic use of flue-cured, mostly for cigarettes, was a record in the year ending June 30, 1951. Output in 1950-51 was a record 407 billion--24 billion above the previous year. Record or near record consumption of cigarettes seems likely in 1951-52. Exports accounting for nearly three-eighths of the total flue-cured disappearance were 3 percent lower than in 1949-50. Exports of flue-cured during 1951-52 are expected to be somewhat larger than in 1950-51. Supplies of flue-cured for 1951-52 are estimated at about 8 percent above those for 1950-51.

The auctions for the 1950 crop Maryland closed August 17. Prices for the season's auctionings of about $34\frac{2}{3}$ million pounds, averaged 47.8 cents per pound--slightly above the average for last year's auction sales.

The auction markets for Burley, fire-cured, and dark air-cured tobacco will begin in late fall. The 1951 crops for these types are indicated to be larger than last year's. The increase in Burley production will probably more than offset a drop in carry-over and supplies for 1951-52 may be 2 or 3 percent larger than those for 1950-51. The 1951-52 supply of fire-cured tobacco is now estimated at about 9 percent lower than that for 1950-51 while the total supply of dark air-cured will be just about the same. The output of smoking tobacco in the 1951 fiscal year was 109 million pounds--about 3 million less than in the preceding year. The manufacture of all chewing tobaccos totaled $87\frac{2}{3}$ million pounds compared with 89 million a year earlier, and snuff at 40.4 million pounds was just under the 1949-50 quantity.

The 1951 crops of most filler and binder types of cigar tobacco are indicated to be lower than last year's. Total supply of filler for 1951-52 will probably be a little larger than in 1950-51 because of an increase in carry-over; but for binder, total supply may be down a little. Cigar consumption in the 1951 fiscal year was near $5\frac{3}{4}$ billion--5 percent above that of 1949-50 and the highest since 1946-47.

In the year ending June 30, 1951, total exports of all types of unmanufactured tobacco were 477 million pounds--valued at 272 million dollars compared with 481 million pounds--valued at 236 million dollars in 1949-50. The average declared value per pound for 1950-51 exports rose 16 percent and in large part, reflects the record prices paid for last year's flue-cured crop.

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